

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2008

	October-08				September-08				Current FYTD	Prior Year FY08	3 Years Ended 6/30/2008	5 Years Ended 6/30/2008
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net	Net	Net	Net
LARGE CAP DOMESTIC EQUITY												
Structured Growth												
Los Angeles Capital	53,617	2.5%	2.8%	-16.95%	64,541	2.7%	2.8%	-12.89%	-27.65%	-7.79%	7.68%	N/A
Total Structured Growth	53,617	2.5%	2.8%	-16.95%	64,541	2.7%	2.8%	-12.89%	-27.65%	-7.79%	7.68%	9.56%
Russell 1000 Growth				-17.61%				-12.33%	-27.76%	-5.96%	5.91%	7.32%
Structured Value												
LSV	48,805	2.3%	2.8%	-20.01%	60,981	2.6%	2.8%	-6.65%	-25.33%	-21.43%	3.81%	11.57%
Russell 1000 Value				-17.31%				-6.11%	-22.37%	-18.78%	3.53%	8.92%
Russell 1000 Enhanced Index												
LA Capital	108,886	5.0%	5.6%	-15.71%	130,407	5.5%	5.6%	-9.52%	-23.73%	-9.54%	6.97%	N/A
Russell 1000				-17.46%				-9.35%	-25.18%	-12.36%	4.81%	
S&P 500 Enhanced Index												
Westridge	111,931	5.2%	5.6%	-16.71%	134,346	5.6%	5.6%	-8.06%	-23.42%	-12.18%	4.98%	N/A
S&P 500				-16.79%				-8.37%	-23.76%	-13.12%	4.41%	
Index												
State Street	34,702			-17.05%	42,142			-11.64%	-26.70%	-18.24%	2.93%	6.64%
Total 130/30	34,702	1.6%	1.9%	-17.05%	42,142	1.8%	1.9%	-11.64%	-26.70%	-18.24%	2.93%	6.64%
S&P 500				-16.79%				-8.37%	-23.76%	-13.12%	4.41%	7.59%
TOTAL LARGE CAP DOMESTIC EQUITY	357,939	16.6%	18.8%	-16.94%	432,417	18.1%	18.8%	-9.42%	-24.76%	-12.71%	5.68%	9.31%
S&P 500				-16.79%				-8.37%	-23.76%	-13.12%	4.41%	7.59%
SMALL CAP DOMESTIC EQUITY												
Manager-of-Managers												
SEI	54,548	2.5%	3.1%	-22.99%	70,554	3.0%	3.1%	-6.64%	-28.10%	-20.93%	2.06%	9.10%
Russell 2000 + 200bp				-20.64%				-0.61%	-21.12%	-14.48%	5.88%	12.50%
Enhanced												
Research Affiliates	60,198	2.8%	3.1%	-21.05%	76,188	3.2%	3.1%	-2.34%	-22.89%	N/A	N/A	N/A
Clifton	66	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Enhanced	60,264	2.8%	3.1%	-21.05%	76,188	3.2%	3.1%	-2.34%	-22.89%	N/A	N/A	N/A
Russell 2000				-20.80%				-1.11%	-21.68%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	114,813	5.3%	6.3%	-21.98%	146,741	9.4%	6.3%	-4.46%	-25.46%	-21.14%	1.97%	9.04%
Russell 2000				-20.80%				-1.11%	-21.68%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY												
Large Cap - Active												
Capital Guardian	69,704	3.2%	4.0%	-19.54%	86,992	3.7%	4.0%	-19.12%	-34.93%	-12.37%	12.24%	14.35%
LSV	68,885	3.2%	4.0%	-20.12%	86,189	3.6%	4.0%	-17.02%	-33.72%	-25.78%	7.37%	N/A
Total Large Cap - Active	138,589	6.4%	8.0%	-19.83%	173,182	7.3%	8.0%	-18.09%	-34.34%	-19.29%	9.83%	13.46%
MSCI EAFE - 50% Hedged				-17.28%				-16.79%	-31.17%	-15.14%	10.93%	14.67%
Small Cap - Value												
DFA	15,566	0.7%	1.0%	-21.76%	19,897	0.8%	1.0%	-20.83%	-38.05%	N/A	N/A	N/A
Total Small Cap Value	15,566	0.7%	1.0%	-21.76%	19,897	0.8%	1.0%	-20.83%	-38.05%	-12.74%	9.30%	17.27%
S&P/Citigroup Broad Market Index < \$2BN				-23.80%				-23.50%	-41.71%	-25.49%	7.39%	17.33%
Small Cap - Growth												
Vanguard	14,494	0.7%	1.0%	-24.14%	19,088	0.8%	1.0%	-25.01%	-43.11%	-17.52%	11.77%	20.18%
Citigroup Broad Market Index < \$2BN				-23.80%				-23.50%	-41.71%	-25.49%	7.39%	17.33%
TOTAL INTERNATIONAL EQUITY	168,650	7.8%	10.0%	-20.40%	212,166	8.9%	10.0%	-19.01%	-35.53%	-18.83%	9.79%	14.56%
MSCI EAFE - 50% Hedged				-17.28%				-16.79%	-31.17%	-15.14%	10.93%	14.67%

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	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	FYTD Net	FY08 Net	Ended 6/30/2008 Net	Ended 6/30/2008 Net
DOMESTIC FIXED INCOME												
Core Bond												
Western Asset	373,488	17.3%	17.1%	-6.68%	400,177	16.8%	17.1%	-5.05%	-11.39%	2.06%	2.76%	3.55%
<i>Lehman Aggregate</i>				-2.36%				-0.49%	-2.84%	7.12%	4.09%	3.86%
Mortgage Backed												
Hyperion	72,264	3.3%	4.4%	-7.36%	77,015	3.2%	4.4%	-21.09%	-26.90%	-20.24%	N/A	N/A
<i>Lehman Global Aggregate (US Securitized Portion)</i>				-3.66%				-1.46%	-5.07%	10.14%		
Core Plus/Enhanced												
<i>Clifton Group</i>	120,820	5.6%	4.4%	-0.25%	121,889	5.1%	4.4%	0.43%	0.18%	10.17%	N/A	N/A
<i>Prudential</i>	113,633	5.3%	4.4%	-5.21%	118,769	5.0%	4.4%	-1.35%	-6.49%	4.89%	N/A	N/A
Total Core Plus/Enhanced	234,453	10.9%	8.8%	-2.70%	240,658	10.1%	8.8%	-0.46%	-3.15%	7.55%	N/A	N/A
<i>Lehman Aggregate</i>				-2.36%				-0.49%	-2.84%	7.12%		
Index												
Bank of ND	205,024	9.5%	7.7%	-2.32%	209,837	8.8%	7.7%	-1.24%	-3.53%	7.68%	3.93%	3.28%
<i>Lehman Gov/Credit (1)</i>				-2.51%				-1.64%	-4.10%	7.24%	3.84%	3.24%
BBB Average Quality												
Wells Capital (formerly Strong)	377,155	17.5%	17.1%	-7.91%	410,286	17.2%	17.1%	-3.67%	-11.29%	3.55%	3.04%	3.85%
<i>Lehman US Credit BAA</i>				-10.95%				-4.85%	-15.26%	2.62%	2.52%	3.59%
TOTAL DOMESTIC FIXED INCOME	1,262,384	58.5%	55.0%	-5.69%	1,337,974	56.1%	55.0%	-4.37%	-9.82%	2.32%	3.89%	5.04%
<i>Lehman Aggregate (2)</i>				-2.36%				-0.49%	-2.84%	7.12%	4.09%	3.73%
CASH EQUIVALENTS												
Bank of ND	254,220	11.8%	10.0%	0.13%	253,896	10.7%	10.0%	0.48%	0.61%	3.43%	4.10%	3.38%
<i>90 Day T-Bill</i>				0.11%				0.63%	0.74%	3.63%	4.27%	3.18%
TOTAL BONDING FUND	2,158,006	100.0%	100.0%	-10.13%	2,383,194	103.2%	100.0%	-6.34%	-15.83%	-4.14%	4.30%	5.86%
POLICY TARGET BENCHMARK				-7.46%				-3.56%	-10.76%	-0.90%	5.01%	5.95%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.